



# FACT SHEET

## *U.S.-Peru Trade Promotion Agreement* Utah Farmers Will Benefit

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to Utah's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Peruvian market. With immediate elimination of duties on nearly 90 percent of current U.S. trade to Peru, the PTPA will provide Utah producers and exporters the opportunity not only to preserve but to increase market share in Peru. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement stating that the agreement would benefit all U.S. agricultural sectors and allow the United States to become a competitive supplier of agricultural products to Peru.

Exports of farm products boost Utah's farm prices and income. Such exports support about 3,600 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$304 million and made an important contribution to Utah's farm cash receipts in 2006 that totaled \$1.2 billion.

**Beef.** Providing the top source of farm cash receipts (over \$412 million), Utah's ranchers and beef industry benefit from the PTPA.

- Peru will immediately eliminate the 25-percent duties (30-percent allowed by the World Trade Organization (WTO)) on the beef products of most importance to the U.S. beef industry – Prime and Choice cuts.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 10,000-ton tariff-rate quota (TRQ) that will grow six percent compounded annually. The 12-percent over-quota tariff will be phased out over ten years.
- Peru will provide immediate duty-free access for U.S. exports of standard quality beef through the establishment of an 800-ton TRQ that will grow six percent compounded annually. The 25-percent over-quota tariff will be phased out over 11 years.
- The United States will phase out its beef tariffs over 15 years except for those tariffs that are already duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The PTPA will continue the duty-free treatment.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.

- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, the U.S. Meat Export Federation, the US Hides, Skin and Leather Association, U.S. Livestock Genetics Export, Inc., and the Pet Food Institute publicly support the PTPA.*

**Dairy.** Providing the second largest source of farm cash receipts (nearly \$218 million) and the fifth largest source of the state's agricultural exports, Utah's dairy producers benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate its system of variable levies (price bands) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 68 percent on some dairy products.
- Peru will immediately eliminate tariffs on whey.
- Both Peru and the United States will establish duty-free TRQs for certain dairy products totaling 10,000 tons.
- TRQs will grow by ten percent compounded annually, with certain dairy products subject to safeguards during the tariff phase-out period.
- All Peruvian duties on dairy products will be eliminated within 17 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, the International Dairy Foods Association, and the Food Products Association publicly support the PTPA.*

**Pork.** Providing the third largest source of farm cash receipts at \$142 million, Utah's pork producers benefit from the PTPA.

- Peru will phase out all duties, which are currently as high as 25 percent (30 percent allowed by the WTO), on fresh, chilled and frozen pork as well as on smoked and dried pork within five years.
- Peru will immediately eliminate duties on bacon and will phase out tariffs on processed pork products within seven years.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system.
- *The National Pork Producers Council, the American Meat Institute, the U.S. Meat Export Federation, the National Renderers Association, the US Hides, Skin and Leather Association, and the Pet Food Institute publicly support the PTPA.*

**Wheat.** Ranking number one in the state's agricultural export sales (over \$99 million), Utah's wheat producers benefit from the PTPA.

- Peru will immediately eliminate the 17-percent tariff (up to 68 percent allowed by the WTO on certain wheat products) wheat imports from the United States.
- Peru will immediately eliminate tariffs on processed wheat products.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the National Grain Trade Council, the North American Export Grain Association, the Wheat Export Trade Education Committee, the North American*

*Millers' Association, and the American Bakers Association publicly support the PTPA.*